

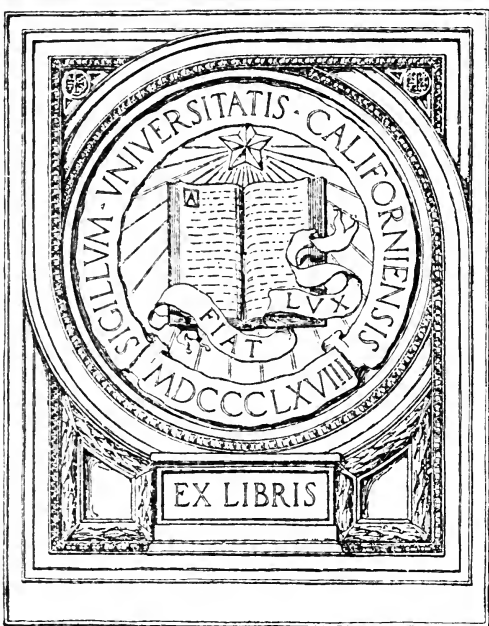
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PACIFIC CABLE

**SHOULD THE GOVERNMENT PARALLEL
THE CABLE OF THE COMMERCIAL
PACIFIC CABLE COMPANY?**

GREATLY REDUCED RATES

1902

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PACIFIC CABLE.

On February 10, 1899, President McKinley sent a special message to Congress, urging action to bring about the laying of a Pacific cable. Events had followed each other in rapid succession in the Far East—the acquisition of the Hawaiian Islands, the Spanish War, the cession of the Philippines, the Chinese War, and finally the wondrous growth of American trade. An American Pacific cable—the dream of twenty years—suddenly became a necessity, and Congress sought earnestly to comply with the President's message. Many hearings were had by committees both in the Senate and House. Expert opinion on every phase of the subject was taken. Many different plans for bringing about the laying of a cable were put forward, discussed and passed upon. The Senate finally, on April 11, 1900, passed a bill providing that the Government itself lay such a cable at the sole expense of the Government. The bill went to the House and was referred to the Committee on Interstate and Foreign Commerce. That committee, however, struck out the whole bill, excepting the enacting clause, and substituted therefor a bill for a subsidy to be granted by the United States Government to a private corporation to an amount not exceeding \$300,000 a year for twenty years for a cable from San Francisco to the Philippines and Japan. By reason of the differences between the Senate and the House, nothing further was done in that Congress.

MR. MACKAY'S OFFER.

On August 22, 1901, Mr. John W. Mackay sent to the Honorable John Hay, Secretary of State, at Washington, a communication as follows:

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SIR:

I beg leave to state I wish to lay and operate a submarine cable or cables from California to the Philippine Islands by way of the Hawaiian Islands, by means of an American corporation to be organized hereafter. I ask no subsidy or guarantee in connection with the same. Before proceeding, however, I respectfully write to ascertain the conditions upon which such cable may be landed at the various points under the jurisdiction and control of the United States. The same conditions that have been prescribed by the United States in connection with the landing of Atlantic cables owned by domestic corporations will be satisfactory to me in connection with this proposed enterprise. I do not ask and shall not expect the United States Government to insure or indemnify me against any existing landing rights of any company or companies, in respect to the Philippine Islands or any other Islands in the Pacific. If the conditions should be substantially the same as those upon which the United States Atlantic cables were landed and if the same should be indicated to me without delay, I would arrange immediately for the manufacture and undertake to have the first section between California and the Hawaiian Islands completed by September, 1902, unless prevented by *force majeure*. I trust this application will receive prompt and favorable consideration, as it is the intention to reduce materially the tariff between the United States and the Philippine Islands, China and Japan. Mr. George G. Ward, Vice-President of The Commercial Cable Company, will take pleasure in calling upon you, soon after the first September next, should you require any further information on the subject.

I am, Sir,

Yours obediently,

JOHN W. MACKAY.

This offer of Mr. Mackay at once lifted the whole subject out of the maze of Government ownership, Government subsidies to a private corporation, and Congressional doubts, complications and discussions. It was a plain proposition, made by a responsible

person of long experience with submarine cables, to do that which no other private party had ever offered to do, and which the Government itself was unwilling to do. It would seem that such a proposition should have commanded instant approval by the Government, as it certainly did by the public.

BILLS PENDING IN CONGRESS.

Instead of that, however, there are now pending in the new Congress, which convened on December 2, 1901, seven bills on this subject. Two of these in the Senate (Nos. 61 and 491), and three in the House (Nos. 5, 158 and 168), provide for the United States Government laying a competing cable. One bill (No. 272) has been introduced in the House to pay a subsidy, not exceeding \$300,000 per year for twenty years to a cable company for laying and operating such a competing cable. The seventh bill (Senate Bill No. 62) prohibits the laying of any cable by Mr. Mackay or any one else, except upon condition that the Government shall have the right to purchase the cable at an appraised value, and that the Postmaster-General shall fix the rates at which government messages shall be carried, and such further conditions and terms as the President may deem proper.

PROHIBITION OF ANY CABLE.

We understand that this last bill will not be pressed, owing to the fact that Mr. Mackay's Company has already practically complied with all of its requirements.

Mr. Mackay has caused his company, the Commercial Pacific Cable Company, to accept the "Post Road Act of Congress of 1866." By the terms of that act the United States Government has the right at any time to purchase the cable at its appraised value, and, in the meantime, the Postmaster-General has the right to fix the rates to be

charged for Government messages over the cable, and Government messages are to be transmitted in priority over private messages. No other cable company operating an extensive line of cables ever before accepted this Post Road Act of Congress. None of the cable companies owning cables between Europe and America have accepted it.

As to further terms and conditions, Mr. Mackay has presented in writing to the United States Government the terms and conditions which he was and is willing to accept. These terms and conditions are printed on pages 19-20 of this pamphlet. It will be noticed that they go farther than the terms and conditions imposed upon the French company, which are printed on pages 20-21 of this pamphlet, and the United States and Hayti company, which are printed on pages 21-22 of this pamphlet.

Mr. Mackay is laying this cable without any subsidy, and he is now bound to the United States Government to accept such rates for Government messages as the Postmaster-General may dictate, and he is bound likewise to sell the cable at any time to the Government at its appraised value, and he has offered to accept all the terms and conditions which have ever been imposed upon a domestic cable company, for landing a cable on the shores of the United States. For these reasons we understand that Senate bill No. 62, which was drawn by the Attorney-General of the United States, will not be pressed for passage. The only issue now before Congress on this subject is the issue of whether the Government shall manufacture and lay at its own expense a Pacific cable in competition with that of Mr. Mackay's company.

REDUCED RATES TO THE FAR EAST.

Prior to the incorporation of the Commercial Pacific Cable Company, in September, 1901, the rate for

messages from New York to the Philippine Islands was \$2.35 per word; in November, 1901, this rate was reduced by the European cable companies to \$1.66 per word. The simple announcement of the intention of the Commercial Company to lay a Pacific cable has thus effected a saving on commercial messages of 69 cents per word. The Commercial Company intends to charge but \$1 per word from San Francisco to China and \$1 a word from San Francisco to Manila and fifty cents from San Francisco to Honolulu, and agrees to reduce the latter rate within two years to thirty-five cents a word. This involves a saving of \$1.35 per word on all messages between San Francisco and the Philippines. It is a great reduction from the former rates, and means a substantial gain to all American merchants doing business in the Far East. In order to remove any doubt as to the good faith of this Company in carrying out its promises on this subject the Company has filed with the Secretary of State at Washington a declaration and agreement binding the Company to make those reductions in its rates. A copy of that declaration or agreement is given on pages 16-17 of this pamphlet.

GOVERNMENT CABLE.

It would seem preposterous to think that any public man or business man would for a moment favor the United States Government laying a cable, to compete with the cable which is being manufactured and laid at private expense and without a dollar of subsidy or cost to the Government. It is strange that it is even necessary to dwell upon those bills. The arguments against the bills for a Government cable were forcibly summarized by the House Committee on Interstate and Foreign Commerce in the last Congress, and extracts therefrom are given on pages 22-25 of this pamphlet. The Committee summed up the

disadvantages of a Government cable as follows:

1. The heavy cost of construction—\$15,000,000.
2. The annual expense of operation—estimated at \$1,500,000, against a probable annual income of \$150,000.
3. The inability of the United States Government to land and operate a Government-owned cable either in Japan or China.
4. The consequent limitation of the income of the cable to traffic between the United States and the Philippine and Hawaiian Islands.
5. The probability that three-fourths of those benefited by the large annual expenditure of public money which the maintenance of a Government cable would involve, would be foreigners only incidentally interested in the development of the commerce of the United States.

Those arguments are unanswerable, and since that time they have been fortified by the fact that a private company is actually laying the cable, and there is no longer the least occasion for any Government cable whatsoever.

This is the situation. This Cable Company agrees to furnish all the money; purchase and lay the cable at the smallest cost, consistent with first-class work; utilize the most experienced and expert cable talent; take the risk of breakdowns and failures of the cable to work; take the risk of the business not paying; give the Government the right to fix its own rates for Government business, and finally this Cable Company agrees to reduce the public rate to Manila and China to \$1 per word.

And then, after taking all these obligations upon itself, the Company gives the Government the option to take over the cable at any time at its appraised valuation.

Was such a proposition ever before made to any government? The Company takes all the risk; the Government takes none. If the cable is a failure, the Government need not buy. If the cable is a success, or if the Government needs it for any pur-

pose, political, governmental or commercial, the Government takes it over; if the cable is a total or partial loss, the Government loses nothing.

No one can doubt that the Company can construct the cable more cheaply, more quickly and more successfully than the Government can. The Government has never laid or owned an oceanic, deep sea cable; the Commercial Cable Company has laid over 13,000 miles of Atlantic cable. Government construction would be expensive, slow and faulty.

The Commercial Company can construct this cable for about \$12,000,000. Government construction would probably cost \$20,000,000, and even then the cable might not work, on account of bad construction or the vast ocean depths to be encountered.

Hence, is it not an unanswerable business proposition that it is better for the Government to allow a responsible and conservative company to furnish all the money and take all the risk, while giving to the Government the option to take over the cable at any time, at its appraised valuation, if it should prove a success, and to let the Company bear the loss, if it should prove a failure?

SUBSIDY FOR "PRIVATE" CABLE.

The argument against the proposed \$300,000 annual subsidy by the United States Government is that Mr. Mackay does not ask any subsidy, and he is already manufacturing and will lay and operate his cable without such subsidy, and hence House bill No. 272, providing for an annual \$300,000 subsidy, needs no further comment. In fact, that bill has been abandoned.

FALSE STATEMENTS AS TO COMMERCIAL PACIFIC CABLE COMPANY.

Possibly these bills in the Senate and the House are due to certain false statements, which have been

circulated, to the effect that Mr. Mackay's Commercial Pacific Cable Company is a mere pretense, and does not intend to lay a cable from San Francisco to Manila. A conclusive answer to all this is the letter to Senator Hale, signed by Mr. George G. Ward, the vice-president and general manager of both the Commercial Pacific Cable Company and the Commercial Cable Company, to the effect that the contract for the first section of the cable, the section from San Francisco to Honolulu, has actually been let, and a partial payment of \$182,685.00 has actually been made on such contract, and that the contract requires the manufacturer to have that section of the cable, 2,412 knots (2,814 miles), laid and in operation by November 1, 1902, and that the cable is now being actually manufactured, and that the Commercial Pacific Cable Company intends to have the complete cable in operation from San Francisco to Manila within two years thereafter. If the above mentioned bills in the House and Senate are due to doubt as to the Commercial Pacific Cable Company actually laying and operating the proposed cable, those doubts should be set at rest by the unqualified statement of Mr. Ward. His letter is printed on page 14 of this pamphlet.

The Commercial Pacific Cable Company has been organized by the officers and stockholders of the Commercial Cable Company, which owns four submarine cables between the United States and Europe, and owns also the extensive land line telegraph system, known as the Postal Telegraph, with 14,908 offices.

COMMERCIAL CABLE COMPANY—GREAT REDUCTION OF RATES.

All through their history, the Commercial Cable Company and the Postal Telegraph Company have been the foes of monopoly and the pioneers of re-

duced rates. It was due to the former company that the rates for trans-Atlantic messages were reduced from \$5 to \$2.50 for ten words. The same company brought about a reduction in cable rates to the West Indian Islands of from 40 to 60 per cent.—the reduction in the case of Porto Rico being from \$1.91 to 75 cents per word. It was due to the Postal Telegraph Company that rates between the United States and Mexico were reduced one-half and that permanent reductions, averaging 30 per cent., were made in telegraph rates in every State of the Union.

The announcement of the intention of the Commercial Cable Company of Cuba to lay a competing cable caused a sweeping reduction of rates from \$4 to \$1.50 for a message of ten words from New York to Havana.

And now the Commercial Cable Company has entered the Far East. It is doing what no other private corporation has ever dared to do, and what the Government itself has hesitated to do. It is not only establishing cable communication with the new insular possessions in the Pacific, but it is cutting down the cable rates to less than one half of their former figures, thus saving to the American public and the American Government hundreds of thousands of dollars per year; and the Company will give in the Pacific the same quick, accurate and efficient service that it has given during the past sixteen years in the Atlantic.

On this record the Commercial Pacific Cable Company feels that it has a right to demand from Congress the fair treatment which it will surely receive from the people of the United States. The Company is perfectly willing to meet competition on an equal footing, but if the resources of the United States Government are to be lent to a competing cable, or used in the establishment of a Gov-

ernment cable to parallel this cable entirely constructed by private capital, such action would be not only a wanton waste of public money, but would be a piece of gross injustice to a company which, in confident reliance on the good faith of the United States, is proceeding to carry out the most important cable work yet undertaken in the history of the world.

COMMERCIAL PACIFIC CABLE COMPANY.

January 20th, 1902.

The following data and documents, hereinbefore referred to, are appended for the information of the public.

COMMERCIAL PACIFIC CABLE COMPANY.

The Commercial Pacific Cable Company was incorporated under the laws of the State of New York on September 23, 1901. The charter authorizes it to lay and operate a submarine cable from California to the Philippine Islands, by way of the Hawaiian Islands. The present authorized capital stock is \$3,000,000, being the amount necessary for the manufacture and laying of the first section of the cable, the section from San Francisco to Honolulu.

The following are the officers of the company:

JOHN W. MACKAY, *President.*
 GEORGE G. WARD, *Vice-President and*
General Manager.
 EDWARD C. PLATT, *Treasurer.*
 ALBERT BECK, *Secretary.*

The Board of Directors is as follows:

JOHN W. MACKAY,	EDWARD C. PLATT,
GEORGE G. WARD,	GEORGE CLAPPERTON,
CLARENCE H. MACKAY,	ALBERT BECK,
ALBERT B. CHANDLER,	WILLIAM W. COOK.

MR. WARD'S STATEMENT.

Inasmuch as there have been many erroneous reports in regard to the good faith of the Commercial Pacific Cable Company and its intent to actually lay and operate a submarine cable from San Francisco to Manila, the following letter from Mr. George G. Ward to the Hon. Eugene Hale, Chairman of the Senate Committee on Naval Affairs, was written. A similar communication was addressed to the Hon. William P. Hepburn, Chairman of the Committee on Interstate and Foreign Commerce of the House of Representatives:

NEW YORK, January 7th, 1902.

HON. EUGENE HALE,
Chairman of Committee on Naval Affairs,
United States Senate,
Washington, D. C.

DEAR SIR:

I am the vice-president and general manager of the Commercial Pacific Cable Company (also of the Commercial Cable Company), and having received information that misrepresentations are being made in Washington as to the *bona fide* intentions of this company, I write to state that the Commercial Pacific Cable Company has entered into a binding contract with the India Rubber Gutta Percha and Telegraph Works Company, by which contract that company guarantees to manufacture and lay a submarine cable for the Commercial Pacific Cable Company between San Francisco and Honolulu on or before November 1st, 1902. The Commercial Pacific Cable Company has already paid in cash as a partial payment on said contract, \$182,685.00. The contract is an absolute contract on the part of both parties, and neither party has any right to withdraw from or cancel the same, but, on the contrary, the contract provides in absolute terms for the manufacture and laying of the cable by November 1st, 1902. The actual manufacture of the cable is now going on at the rate of 240 miles per month, and this rate will quickly be increased to over 630 miles per month.

The Commercial Pacific Cable Company has accepted the provisions of the Post Road Act of Congress of 1866, and intends in good faith to lay and operate the cable from San Francisco to Honolulu, on or before November 1st, 1902, and the remainder of the cable, from Honolulu to Manila, within two years thereafter, the fact being that a cable from San Francisco to Honolulu, by itself alone, would be a total loss, inasmuch as the cable business between those points would not be sufficient to pay even the operating expenses of the cable.

I shall be glad to furnish you with further particulars of the Company or its operations at your pleasure.

Yours respectfully,

GEORGE G. WARD.

ACCEPTANCE OF POST ROAD ACT OF CONGRESS.

The Commercial Pacific Cable Company has duly accepted the provisions of the Post Road Act of Congress of 1866, a copy of its certificate of acceptance, which has been filed with the Postmaster-General of the United States at Washington, being as follows:

TO ALL WHOM IT MAY CONCERN:

BE IT KNOWN, That the Commercial Pacific Cable Company, a corporate body organized under the laws of the State of New York, through its duly authorized officers, whose signatures are hereto attached, does hereby accept, without reservation, all of the restrictions and obligations of the Act of Congress approved July 24, 1866, entitled "An Act to aid in the construction of telegraph lines, and to secure to the Government the use of the same for postal, military and other purposes." And the said company does especially agree that telegrams between the several Departments of the Government and their officers and agents shall at all times have priority over all other business in their transmission over the lines of said company, and that the charges for such telegrams shall not exceed the rates annually fixed by the Postmaster-General.

This declaration of acceptance is made in order that said Commercial Pacific Cable Company may be entitled to the rights and privileges granted by the Act of Congress aforesaid.

Done at New York, this 26th day of November, 1901.

COMMERCIAL PACIFIC CABLE COMPANY,

By

GEO. G. WARD,
Vice-President.

E. C. PLATT,
Treasurer.

{ Commercial Pacific
Cable Company,
Corporate
1901.
Seal. }

Attest:

ALBERT BECK,
Secretary.

POST ROAD ACT OF CONGRESS.

Turning now to the Post Road Act of Congress of 1866, Sections 5253-5269, inclusive, of the Revised Statutes of the United States, the following provisions are of interest, being applicable to the laying, operation, and rates for the transmission of cable messages by the Commercial Pacific Cable Company, that Company having bound itself to abide by and carry out such provisions:

"SEC. 5263. Any telegraph company now organized or which may hereafter be organized under the laws of any state, *shall have the right to construct, maintain and operate lines of telegraph * * * over, under, or across the navigable streams or waters of the United States.*"

"SEC. 5266. Telegrams between the several Departments of the Government and their officers and agents in their transmission over the lines of any telegraph company to which has been given the right of way, timber, or station lands from the public domain shall have *priority over all other business, at such rates as the Postmaster-General shall annually fix.*"

"SEC. 5267. The United States may, for postal, military, or other purposes, purchase all the telegraph lines, property, and effects of any or all companies acting under * * * this Title, at an appraised value, to be ascertained by five competent, disinterested persons, two of whom shall be selected by the Postmaster-General of the United States, two by the company interested, and one by the four so previously selected."

"SEC. 5268. Before any telegraph company shall exercise any of the powers or privileges conferred by law such company shall file their written acceptance with the Postmaster-General of the restrictions and obligations required by law."

REDUCTION OF RATES.

The following is a copy of a declaration or agreement relative to the reduction of cable rates which the Commercial Pacific Cable Company has filed with the Secretary of State, at Washington, D. C.:

The Commercial Pacific Cable Company, a corporation duly organized and existing under the laws of the State of New York, for the purpose of constructing, maintaining and operating a submarine cable from the City of San Francisco, in the State of California, to the City of Manila, in the Philippine Islands, with intermediate stations, including a station at Honolulu, in the Hawaiian Islands, hereby pledges and binds itself as follows:

1. To charge not exceeding fifty cents per word for the transmission of messages between San Francisco and Honolulu, and to reduce such rate to thirty-five cents per word within two years after the proposed cable between San Francisco and Honolulu is in operation.

2. To charge not exceeding one dollar per word for the transmission of messages between San Francisco and Manila.

3. To charge not exceeding one dollar per word for the transmission of messages between San Francisco and China.

4. To be content to accept from the United States Government half rates for the transmission of governmental messages.

This instrument is executed in order that it may be filed in the office of the Secretary of State at Washington, D. C., as a pledge and guarantee on the part of this company.

IN WITNESS WHEREOF, said Commercial Pacific Cable Company has caused its name to be signed hereto by its Vice-President, and its corporate seal to be affixed hereto by its Secretary, this 15th day of January, 1902.

COMMERCIAL PACIFIC CABLE COMPANY,

By

GEORGE G. WARD,
Vice-President.

{ Commercial Pacific
Cable Company,
Corporate
1901
Seal. }

Attest:

ALBERT BECK,
Secretary.

MR. MACKAY'S LETTER TO MR. HAY.

On September 24, 1901, Mr. Mackay wrote to the Hon. John Hay, Secretary of State, a letter, of which the following is a copy:

NEW YORK, SEPTEMBER 24th, 1901.

HONORABLE JOHN HAY,
Secretary of State,
Washington, D. C.

SIR:

In accordance with the request of the Government as expressed in the letters of Mr. Adeë, Acting Secretary of State, dated September 3, 1901, and September 9, 1901, I have caused a corporation to be formed for the purpose of laying and operating a submarine cable from California to the Philippine Islands, and a copy of the Certificate of Incorporation of the Company accompanied by a certified copy of the resolutions of the Board of Directors of the Commercial Pacific Cable Company setting forth the terms and conditions under which the Company is willing to lay the proposed cable, are enclosed herewith. These documents have been asked for by Mr. Adeë.

If the terms and conditions referred to are satisfactory to the Government, the Company is prepared to commence, without delay, the construction of the cable, and would expect to have the same in operation between California and the Hawaiian Islands within nine months.

It might be added that this new corporation, the Commercial Pacific Cable Company, has by resolution of its Board of Directors adopted on its own behalf my cablegram to you from London, England, dated August 22, 1901, and is prepared to carry out the terms thereof.

It is also the intention of the Company to reduce materially the existing rates to the Philippines, China and Japan.

Trusting to receive a favorable reply as soon as possible, I have the honor to be, Sir,

Yours respectfully,
JOHN W. MACKAY,
President,
Commercial Pacific Cable Co.

TERMS AND CONDITIONS WHICH THE COMMERCIAL
PACIFIC CABLE COMPANY HAS OFFERED
TO ACCEPT.

The terms and conditions referred to in Mr. Mackay's letter of September 24, 1901, to Hon. John Hay, Secretary of State, and which the Commercial Pacific Cable Company was then and still is willing to accept were as follows:

1. That neither this company, its successors or assigns, nor any cable with which it connects and over which it exercises control, shall receive from any foreign government exclusive privileges which would prevent the establishment and operation of a cable of an American company in the jurisdiction of such foreign government.

2. That the company has received no exclusive concession from any government which would exclude any other company or association which may be formed in the United States of America from obtaining a like privilege for landing its cable or cables, and connecting such cable or cables with any inland telegraphic system.

3. That the company will not consolidate or amalgamate with any other line, or combine therewith for the purpose of regulating rates, except to make through rates.

4. That the company will, in the transmission of official messages, give precedence to the messages of the Government of the United States of America and of other governments.

5. That the rates charged to the Government of the United States shall not be greater than those charged to any other government, and the said rates and those charged to the general public shall never exceed the present telegraphic rates and shall be reasonable.

6. That the Government of the United States shall be entitled to the same or similar privileges to those which by law, regulation or agreement may be granted by the company to any other government.

7. That the citizens of the United States shall stand on an equal footing with those of any other country, so far as regards the transmission of messages over the company's lines.

8. Messages shall have precedence on the lines of the company in the following order: (a) Government messages; (b) service messages; (c) general telegraphic messages.

9. The line shall be open for business daily while in working order, and subject to the foregoing order of precedence. All senders of messages shall be entitled to have them transmitted in the order in which they are received.

10. By the grant of this permission the United States Government does not insure or indemnify said Commercial Pacific Cable Company against any existing landing rights of any company or companies in respect to any of the insular possessions of the United States.

11. That no liability shall be assumed by the Government of the United States by virtue of any censorship which it may exercise over said line in the event of war or civil disturbances.

TERMS AND CONDITIONS IMPOSED ON THE FRENCH CABLE COMPANY.

The following is a copy of the conditions which the United States Government in 1879 required the French Cable Company to accept before landing its cable on the shores of the United States:

1. That the company receive no exclusive concession from the Government of France which would exclude any other line which might be formed in the United States from a like privilege of landing on the shores of France, and connecting with the inland telegraphic system of that country.

2. That the company shall not consolidate or amalgamate with any other line or combine therewith for the purpose of regulating rates.

3. That it shall give precedence in the transmission of official messages to the Governments of the United States and France.

4. That charges to this Government shall be at the rate of those to the Government of France, and the general charges shall be reasonable.

5. That the Government of the United States shall be entitled to the same or similar privileges as

may by law, regulation or agreement be granted to the French Government.

6. That a citizen of the United States shall stand on the same footing as regards privileges with the citizens of France.

7. That messages shall have precedence in the following order: (a) Government messages; (b) telegraphic business; (c) general business.

8. That the line shall be kept open for daily business, and all messages, in the above order, be transmitted according to the time of receipt.

TERMS AND CONDITIONS IMPOSED ON THE UNITED STATES AND HAYTI CABLE COMPANY.

The following is a copy of the conditions which the United States Government, in 1898, required the United States and Hayti Cable Company to accept. This company is a New York corporation. It laid, owns and operates a submarine cable from New York City to the Island of Hayti, being a cable from the United States to a foreign country:

(1.) That neither this Company, its successors or assigns, nor any cable with which it connects, shall receive from any Foreign Government exclusive privileges which would prevent the establishment and operation of a cable of an American Company in the jurisdiction of such foreign government.

(2.) That the Company has received no exclusive concession from the Government of Haiti which would exclude any other Company or Association which may be formed in the United States of America from obtaining a like privilege for landing its cable or cables on the shores of Haiti, and connecting such cable or cables with the inland telegraphic system of Haiti.

(3.) That the Company will not consolidate or amalgamate with any other line, or combine therewith for the purpose of regulating rates.

(4.) That the Company will, in the transmission of official messages, give precedence to the messages of the Governments of the United States of America and of Haiti.

(5.) That the rates charged to the Government of the United States shall be the same as those charged to the Government of Haiti, and that the rates charged to the general public shall never exceed the present rates.

(6.) That the Government of the United States shall be entitled to the same or similar privileges to those which by law, regulation or agreement may be granted by the Company to the Haiti Government.

(7.) That the citizens of the United States shall stand on an equal footing with those of Haiti so far as regards the transmission of messages over the Company's lines.

(8.) Messages shall have precedence on the lines of the Company in the following order: (a) Government messages; (b) service messages; (c) general telegraphic messages.

(9.) The line shall be open for business daily while in working order, and subject to the foregoing order of precedence. All senders of messages shall be entitled to have them transmitted in the order in which they are received.

CONGRESSIONAL REPORT AGAINST THE GOVERNMENT CONSTRUCTING PACIFIC CABLE.

In the fifty-sixth Congress the House Committee on Interstate and Foreign Commerce, after many public hearings and careful consideration of the subject of whether a Pacific cable should be laid by the United States Government, or should be laid by a private corporation subsidized by the United States Government, made a report on April 23, 1900, to the House. A portion of that report is as follows:

“The following disadvantages of a government cable have occurred to the committee, and in the opinion of the committee they are controlling and justify the conclusions now arrived at:

“1. The great first cost of establishing a Government trans-Pacific cable system, that is \$15,000,000.

“2. The comparatively great annual cost of a Government cable, estimated at \$1,500,000.

"3. The inability of the United States Government to land and operate a government-owned cable either in Japan or China.

"4. That as a Government cable would not obtain traffic to and from China and Japan, its income would be limited to traffic to and from the Philippines and Hawaiian Islands, which at an outside estimate would not exceed \$150,000 annually, while the annual expense would be \$1,500,000.

"5. That, assuming that a government cable could reach China and Japan and secure all the business which a private company might develop, still, if the experience of American cable companies in Central and South America is repeated in the Philippines, China and Japan, as seems probable, 90 per cent. of the whole telegraph traffic will be carried on by less than 400 customers, 300 of whom will be foreigners and the balance inhabitants of the United States; so that the proposition to establish a Government cable system would mean a tax amounting to an outlay of \$15,000,000 and a large annual expense for the benefit of only 100 Americans and 300 foreign firms and corporations.

"ADVANTAGES OF A TRANS-PACIFIC CABLE OWNED AND OPERATED BY AN AMERICAN COMPANY.

"6. A private corporation will give the Government all the advantages of a Government line for official business, in time of peace or war, at a fixed charge for the service, and without any risk to the Government, the corporation raising the entire capital and assuming all risks, for a sum not exceeding \$300,000 a year for twenty years, and a rate thereafter to be fixed by the Postmaster-General, not exceeding half the rates charged the public thereafter.

"The proposed contract, viewed in this light, is in no sense a subsidy. The Government receives full value for every dollar paid, and far greater advantages than it can in any other way, while relieved of all risks. It will secure direct communication with China and Japan.

"A low rate for commercial messages (about one-half the existing rate) will be established, not only between the United States and the Philippines, but also to China and Japan, namely, not more than a dollar a word, which is cheaper, in view of the

length of the cable, than the rate now charged by the trans-Atlantic cable for messages between the United States and England.

"The Committee is convinced that the Government will secure under a contract with a private company, at much less expense and without risk, all possible advantages of a Pacific cable, and that the commerce of the United States will derive much greater benefits from a cable so laid than could be obtained from a Government cable.

"The estimated cost of the cable is:

9,285 knots cable, including 10 per cent. slack.....	\$11,583,030
500 knots spare cable.....	623,750
2 cable ships (\$300,000) each.....	600,000
2 sets cable gear.....	250,000
6 stations.....	180,000
Duplex Instruments, battery, &c.....	60,000
Spare Instruments.....	30,000
Traveling expenses, freight, &c..	100,000
<hr/> Total.....	<hr/> \$13,426,780
Contingent fund.....	250,000
<hr/> Total.....	<hr/> \$13,676,780

"To this must be added the cost of a duplicate cable, say \$11,500,000 additional.

* * * * *

"The laying of a trans-Pacific cable is the most important cable work ever undertaken, and the committee feels that it should be dealt with in a fair spirit.

"The length and great cost of the cable necessary to connect the points named in the bill, coupled with the fact of the small amount of prospective business, other than Government business, make it necessary in the opinion of your committee, to deal with this problem on lines different from what would be adopted if it were providing for a cable where these peculiar conditions did not prevail.

* * * * *

"The German Government has recently agreed to guarantee to a German Company, for establishing a direct cable from Germany to the United States via the Azores, \$350,000 per

year for forty years. This amounts to a guarantee of 7 per cent. on the cost of the cable (about \$5,000,000), and in addition the German Government is expected to pay full rates for the transmission of Government business. The French Government has recently agreed to pay to a French company for establishing a direct cable from Brest, France, to the United States, about 3,200 miles, \$160,000 per year for thirty years, which is \$50 per mile per year. In addition the French Government is to pay quarter rates for official messages."

The Commercial Pacific Cable Company asks no subsidy or guarantee of any kind from the Government.

GREAT REDUCTION OF RATES.

Inasmuch as the Commercial Cable Company officers will manage this Pacific cable it is well to mention what the Commercial Cable Company has done for the American public by way of reduction in cable rates.

The facts speak for themselves. They are as follows:

(1.) The Commercial Cable Company laid its first cables to Europe in 1884. It immediately reduced rates which led to a war of rates, and that war lasted for nearly two years. The following shows what the Commercial Cable Company accomplished, the figures being for a message of ten words:

	Rate before Com. C. Co. opened for business.	Rate after two years of tariff war.
New York to London,	\$5.00	\$2.50

(2.) In 1896 the United States and Hayti Cable Company, under the control of the Commercial Cable Company officials, laid a cable of fifteen hundred miles from New York to the island of Hayti,

notwithstanding the Government refused to grant a permit and endeavored to stop the cable by injunction (77 Fed. Rep., 495). That cable was opened for business early in the year 1897. It immediately reduced the rates. Later, the Bermuda cable was extended southward to the West Indies and again a reduction in the rates was made. Those reductions are shown in the following table:

	Rate via Key West previous to opening of U. S. & Hayti Cable.	Rate via Key West after opening of U. S. & Hayti Cable.	Rate via Key West after opening of Bermuda Cable.
Antigua,	\$2.14	\$1.54	\$.86 per word
Dominica,	1.97	1.50	.82 "
Grenada,	2.15	1.62	.94 "
Jamaica,	1.17		.48 "
Porto Rico,	1.91	1.85	.75 "
St. Kitts,	2.14	1.62	.94 "
St. Lucia,	1.98	1.58	.90 "
St. Vincent,	2.05	1.59	.91 "
Trinidad,	2.28	1.71	1.03 "
British Guiana,	2.68	2.17	1.49 "
Venezuela,	2.40	1.50	"
Hayti,	1.65	1.05	"

It is worthy of special note that the rate to Porto Rico was reduced from \$1.91 to 75 cents, being a reduction of \$1.16 on every word.

(3.) The Postal Telegraph Company, being the land line system owned by the Commercial Cable Company, began a stormy existence in a war of telegraph rates. That war lasted several years and resulted in permanent reductions in telegraph rates in every State in the Union. These reductions have brought about a saving of millions of dollars annually to the people of the United States. The extent of these reductions and the wide-spread area affected by them are set forth in the following table showing the reductions in certain States, although as a matter of fact the reductions extended to every State in the Union:

	Rate from N. Y. City in 1881.	Rate from N. Y. City in 1887.
Alabama,	\$.75	\$.50
Arkansas,	1.00	.60
California,	1.50	1.00
Colorado,	1.25	.75
Dakota,	1.25	.75
Delaware,	.50	.25
District of Columbia,	.50	.25
Georgia,	.75	.50
Kansas,	1.00	.60
Louisiana,	1.00	.60
Maine,	.50	.25
Minnesota,	1.00	.60
Mississippi,	.75	.50
Montana,	1.50	.75
Nebraska,	1.00	.60
Nevada,	1.50	1.00
New Mexico,	1.50	.75
New York,	.40	.25
Oregon,	1.50	1.00
Pennsylvania,	.50	.25
South Carolina,	.75	.50
Tennessee,	.75	.50
Texas,	1.25	.75
Utah,	1.50	.75
Washington,	1.50	1.00
Wisconsin,	.75	.50
Wyoming,	1.25	.75

(4.) Prior to August, 1897, the Postal Telegraph Company was unable to do business in Mexico on account of the Western Union monopoly in that country. In 1897, however, the Postal Telegraph Company entered into contracts with Mexican railroads whereby business was to be interchanged. The Postal Telegraph Company did business on that basis for a few months, until February, 1898, and then the Western Union had sufficient power with the Mexican Government to cause the Mexican

Government to order the Mexican railroads to cease doing business with the Postal Telegraph Company, which order the Mexican railroads of course obeyed. The following table gives the Western Union rates from New York and Chicago to various points in Mexico, for a message of ten words, immediately prior to August, 1897, and the reductions made in August, 1897, and the rates after the Postal ceased doing business.

	Rate before Postal opened.	Rate made by Postal.	Rate of West- ern Union after Postal ceased business.
Acambara,	\$3.50	\$1.40	\$1.75
Altamira,	3.50	1.33	1.75
Aguascalientes,	3.50	1.69	1.75
Ahorcado,	3.50	1.69	1.75
City of Mexico,	3.00	1.50	1.75

(5.) For thirty years no substantial reduction was made in the rates for cablegrams to Cuba. During the year 1899, however, after the Commercial Cable Company of Cuba announced that it proposed to lay a competing cable, the Western Union made two sweeping reductions in its rates. These two reductions, made within the space of ten months, amounted to a reduction from \$4 for a message of ten words from New York to Havana to \$1.50. As to other parts of Cuba the reductions to some points were from \$8.50 to \$4 for a message of ten words. The following table shows the radical reductions thus made, the figures being for each word in a message:

Destination.	Jan., 1899, Rate was	Feb. 15, '99, Reduced to	Dec. 1, '99, again re- duced to
Caimanera,	.73	.50	.40
Cardenas,	.44	.25	.15
Cienfuegos,	.60	.45	.35
Guantanamo,	.73	.50	.40
Havana,	.40	.25	.15
Matanzas,	.44	.25	.15
Manzanillo,	.85	.50	.40
Santiago de Cuba,	.73	.50	.40

(6.) Prior to the incorporation of the Commercial Pacific Cable Company in September, 1901, the rate for messages from New York to the Philippine Islands was \$2.35 per word, the messages being transmitted by way of Europe and Asia.

In October, 1901, this rate was reduced by the European Cable Companies to \$1.66 per word.

The Commercial Pacific Cable Company intends to charge but \$1 per word from San Francisco to the Philippines and \$1 per word from San Francisco to China.

NEW YORK CHAMBER OF COMMERCE.

The Chamber of Commerce of New York City, on November 7, 1901, passed the following preamble and resolution:

WHEREAS, This Chamber has called attention to the urgent necessity that exists for the establishment of an American Trans-Pacific cable, laid and maintained by private enterprise; and

WHEREAS, Application has been made to the United States Government by a responsible American cable company, offering without Government subsidy to establish cable communication between the United States and the Philippines by way of the Sandwich Islands, for permission to land cables on American shores and on the shores of the Philippine Islands; therefore, be it

Resolved, That the Chamber of Commerce of the State of New York urge that permission to land cables be granted to this company, under such proper restrictions and conditions as will protect the interests of the United States.

AMERICAN ASIATIC ASSOCIATION.

The following is a copy of a letter written by Mr. John Foord, the Secretary of the American Asiatic Association, on December 17, 1901, to Hon. William P. Hepburn, Chairman of the Committee on Interstate and Foreign Commerce, Washington:

WASHINGTON, D. C., DECEMBER 17, 1901.

HONORABLE WILLIAM P. HEPBURN,
Chairman Committee on Interstate and
Foreign Commerce,
House of Representatives,
Washington, D. C.

DEAR SIR:

I beg to enclose a copy of resolutions adopted at the annual meeting of the American Asiatic Association on December 4 in regard to the laying of an American cable across the Pacific Ocean from San Francisco to Manila. You will perceive that the members of the Association who speak also for the American Association of China and the American Asiatic Association of Japan—the three associations including the chief American contributors to cable tolls, both on this side and in Shanghai, Yokohama and Kobe—favor the laying of a cable by private enterprise, and emphatically desire that all possible encouragement should be given to the American corporation which has already contracted for the laying of the first section of the proposed cable between San Francisco and Honolulu. They are opposed to any scheme of government construction and control on the following grounds:

1. They have received satisfactory assurances from the Commercial Cable Company that this corporation will establish a rate of one dollar a word for commercial messages, as against the recent rate of \$2.35 per word, and the present rate of \$1.66 per word, and they see *no* reason to believe that the Government could give them a better rate, if, indeed, it were able to give them one as good.

2. As the company which has undertaken the laying of the cable has filed a stipulation with the Post Office Department, under the law of 1866, enabling the Government to acquire the property at any time it desires, and giving the Government absolute power to fix the rates for its own business over the cable, they fail to see the necessity of authorizing the Government to lay a cable for its own protection against extortion by the existing companies.

3. It is at least doubtful whether the Government of the United States could secure permission to land a cable, in the exercise of its sovereignty, on

the coast of China, and it is certain that no such permission could be secured from Japan.

4. The Government could not, like a private corporation, make arrangements with the companies already in the field for pro-rating business with it to points beyond Manila, and without this ability it would not be in a position to relieve American merchants in China and Japan from the burden which the present tolls impose on trade with the Far East.

A delegation from this association will visit Washington to-morrow for conference with the President of the United States on matters affecting American commerce in the Far East, and will be glad to wait upon your committee in regard to the subject of this communication should you so desire.

Yours respectfully,

JOHN FOORD,
Secretary.

PETITION.

A petition, signed by over one hundred well-known business firms and institutions, most of whom are largely interested in the American trade with China, Japan and the Philippine Islands, was presented on December 18, 1901, by a large delegation from the American Asiatic Association, to the President of the United States. That portion of the memorial, which pertains to this particular cable, is as follows:

TO THE PRESIDENT OF THE UNITED STATES:

The undersigned would respectfully submit that the benefits likely to accrue to commerce in the Far East from the reduction of telegraph tolls promised by the American corporation which has undertaken to lay a cable across the Pacific, entitle that enterprise to all the encouragement which can be extended to it by the Executive branch of the Government:

China & Japan Trading Company, per S. D. Webb,
President, New York.

Deering, Milliken & Company, New York.
 Fearon, Daniel & Company, New York.
 Burnham, Williams & Co., Philadelphia.
 The Harlan & Hollingsworth Company, Wilmington, Del.
 Arnold, Karberg & Company, New York.
 Catlin & Company, New York.
 Smith, Hogg & Gardner, New York.
 Minot, Hooper & Company, New York; also as selling agents for The Great Falls Manufacturing Co., of New Hampshire; Dwight Manufacturing Co. of Mass. and Ala.; Lyman Mills of Mass.; Manchester Mills of New Hampshire.
 Eldredge, Lewis & Co., New York.
 American Lithographic Co., New York.
 Abbeville Cotton Mills, Abbeville, S. C.
 Appleton & Company, Boston.
 Funch, Edye & Company, New York.
 Colt's Patent Fire Arms Manufacturing Co., Hartford, Conn.
 Barber & Company, New York.
 Northern Pacific Railway Company, per F. S. Slater, General Agent.
 Putnam, Hooker & Co., Cincinnati, O.
 Otis, McAllister & Co., San Francisco, Cal.
 Pacific Mail Steamship Co., San Francisco, Cal.
 Occidental & Oriental S. S. Co., San Francisco, Cal.
 Portland Flouring Mills, Portland, Ore.
 Puget Sound Flouring Mills Co., Tacoma, Wash.
 Westinghouse Electric Manufacturing Co., New York.
 The New England Watch Co., Waterbury, Conn.
 Victor Manufacturing Co., Greer Depot, S. C.
 Moneghan Mills.
 Arlington Cotton Mills, Arlington, S. C.
 Charles A. Schieren & Co., New York.
 The Phoenix Bridge Co., Phoenixville, Pa.
 Phoenix Consolidated Copper Co., per J. R. Stanton, New York.
 Pelzer Manufacturing Co., Pelzer, S. C.
 Belton Mills, Belton, S. C.
 Joshua L. Baily & Co., New York.
 Blackall & Baldwin, New York.
 Bernheimer & Walter, New York.
 Boorum & Pease, New York.

Champion & Staudinger, New York.

E. D. Cordes & Co., New York.

The C. & C. Electric Co., per Stanley Dwight, New York.

George C. Cholwell & Co., New York

Darlington Manufacturing Co., New York.

Diamond State Car Spring Co., Wilmington, Del.

Delacamp & Co., New York.

Frazar & Co. of Japan, New York.

Gaffney Manufacturing Co., Gaffney, S. C.

Hopkins & Hopkins, Washington, D. C.

Haines & Bishop, New York.

A. J. Hinck & Bro., New York.

M. Hartley & Co., per M. Hartley, President, New York.

Irwin, McBride, Catherwood & Co., New York.

John Kissock & Co., New York.

George W. Lane & Co., New York.

Lockhart Mills, per John C. Cary, Lockhart, S. C.

Lewinson & Just, New York.

Mills Manufacturing Co., Greenville, S. C.

Thornton N. Motley Co., per J. M. Motley, New York.

New York Leather Belting Co., New York.

Neuss, Hesslein & Co., New York.

Niles-Bement-Pond Co., per Walter L. Clark, New York.

The Okonite Co., New York.

Alfred H. Post & Co., New York.

Pacolet Mfg. Co., per John H. Montgomery, Pacolet, S. C.

Phoenix Tube Co., per W. H. Male, New York.

Rogers, Brown & Co., New York.

Reedy River Mfg. Co., Greenville, S. C.

Rand Drill Co., per J. R. Rand, New York.

Railway Spring & Mfg. Co., New York.

Rump & Cattus, New York.

C. Schmitz & Co., New York.

J. Spencer Turner Co., New York.

Tata & Co., New York.

John Thomson Press Co., New York.

U. S. Export Association, per H. B. Thurber, New York.

Verona Tool Works, per O. Metcalf, Pittsburg, Pa.

Vacuum Oil Co., per C. M. Everest, Rochester, N. Y.

Willett & Gray, New York.
 Whitney Mfg. Co., per J. B. Cleveland, Spartan-
 burg, S. C.
 C. R. Winslow & Co., San Francisco, Cal.
 The Yale & Towne Mfg. Co., per Henry R. Towne,
 New York.
 W. E. Dodge, New York.
 William Barclay Parsons, New York.
 Robert Appleton, New York.
 Frederick H. Allen, New York.
 W. Kilpatrick Brice, New York.
 Truxtun Beale, Washington, D. C.
 W. H. Bailey, New York.
 R. von Briesen, New York.
 I. Osgood Carleton, New York.
 Charles de Cordova, New York.
 Clarence Cary, New York.
 Edward T. Cragin, New York.
 Dwight P. Cruickshank, New York.
 E. A. Carolan, New York.
 Emil S. Fischer, New York.
 Francis B. Forbes, Boston, Mass.
 George Hamilton, New York.
 Charles F. Hicks, New York.
 Thomas E. Jevons, New York.
 Lloyd L. Jackson, Baltimore, Md.
 O. C. Kanzow, New York.
 Alexander T. Leftwitch, Baltimore, Md.
 Laurus Loomis, New York.
 William M. McKinley, Jr., New York.
 Newell Martin, New York.
 John H. Montgomery, Spartanburg, S. C.
 George D. Mumford, New York.
 Henry Morgenthau, New York.
 J. Howard Nichols, Boston, Mass.
 Herman Norden, New York.
 Samuel L. Parrish, New York.
 W. H. Parsons, New York.
 Edward C. Potter, Chicago, Ill.
 John Reid, New York.
 Theodore Staubli, New York.
 Louis Livingston Seaman, M. D., New York.
 Augustus D. Shepard, New York.
 John Osborne Sumner, Boston, Mass.
 Harold S. Sewall, Bath, Me.
 E. V. Skinner, New York.

Henry B. Thompson, Wilmington, Del.
 A. M. Townsend, New York.
 D. A. Tompkins, Charlotte, N. C.
 Charles A. Whittier, New York.
 W. S. K. Wetmore, New York.
 Frederic Wells Williams, New Haven, Ct.
 H. R. Wilson, New York.
 E. L. Zalinski, New York.

MR. WARD'S STATEMENT.

The following is a copy of a statement of facts made by Mr. George G. Ward, Vice-President and General Manager of the Commercial Pacific Cable Company, at a hearing before the Committee on Naval Affairs, in the United States Senate, on January 14, 1902:

Mr. Chairman, I appear here as representing the Commercial Pacific Cable Company and in consequence of some misstatements having been made as to the *bona fide* intentions of this Company, I addressed a letter to you, Mr. Chairman, on the 7th instant, which, with your permission, I will read to this Committee:

(A copy of the letter referred to appears on page 14 of this pamphlet.)

That letter speaks for itself, but, Sir, I will with your consent give a further explanation. For some years Mr. John W. Mackay has had a great desire to see a Pacific Cable laid. He is very much identified with the Pacific Coast, as you are no doubt aware, and has always believed that direct telegraphic communication between this country and the Far East would greatly benefit not only California but every State in the Union. He has closely watched the different bills before Congress for several sessions and hoped certainly last year that a measure would have been passed and the project carried out—but nothing was done and he felt nothing would be done unless carried out by private enterprise without the assistance of Congress.

Having laid four cables between this country and Europe and having brought the rate down 50 per cent. he decided to take the risk of a Pacific Cable,

but knowing perfectly well that a cable laid to Manila could not pay operating expenses, to say nothing of interest on the large outlay—an outlay of probably twelve million dollars—he went to London and succeeded in making a connection with the Eastern Extension Cable Company, in order to secure a share of the business of China and other points in the Far East which is at present transmitted by way of Europe and India. He thereupon sent a cablegram to the Honorable John Hay, Secretary of State, asking for the usual permission to land the cable. That permission meant simply the same conditions under which all other ocean cables, foreign and domestic, are landed in the United States. As a matter of fact, there is no law prohibiting the landing of cables nor requiring executive permission, but Mr. Mackay thought it best to confer with the Administration.

I should like, gentlemen, to read a cablegram which was sent to the Secretary of State by Mr. Mackay, on August 22, 1901.

(A copy of cablegram referred to appears on page 4 of this pamphlet.)

The State Department replied that a corporation should be formed for the purpose. Mr. Mackay then caused the Commercial Pacific Cable Company to be organized, and the Company commenced preliminary preparations of specifications for the manufacture and laying of the first section of the cable between San Francisco and Honolulu, some 2,200 nautical miles.

We propose charging a rate of one dollar per word between San Francisco and Manila, and until the cable is completed throughout a preliminary rate to Honolulu of fifty cents per word, and thereafter a permanent rate of thirty-five cents per word. The rate to Manila up to within a few days ago was \$2.47 per word.

In order to remove all objections whatsoever, the Company accepted the terms and conditions of what is known as the Post Road Act of Congress of 1866, which gives power to the Government to fix its own rates for Government business and also gives power to the Government to purchase the cable at its appraised value at any time it may think proper. Mr. Mackay felt that if the United States

considered it would be in its interest to own the cable outright, it would possess the necessary authority without any question.

The negotiations I have mentioned with the Eastern Extension Cable Company resulted in our being able to make a rate of one dollar per word also to China for commercial business, as against the present rate of \$1.66 per word, and a former rate of \$2.35 per word.

Only after accepting the terms and conditions of the Post Road Act of Congress of 1866 did the Commercial Pacific Cable Company sign the contract for the manufacture and laying of the cable. It created this obligation upon itself feeling sure that by conforming to such enactment of Congress its rights as an American corporation would not be destroyed.

The cost of the first section (between San Francisco and Honolulu) will be \$2,224,226. That is the exact contract price. We thought the committee might wish to know that. This price is simply for the cable from shore to shore, and does not include repair ships, the purchase of land, the building and equipment of stations, nor the construction of underground lines to connect the cable from its landing place to either city. With these facts before you, gentlemen, I respectfully ask is it fair, is it just for the United States Government to lay a cable in competition with private enterprise? Is it prudent, is it good business, for the United States to spend probably fifteen million dollars when it can get everything it desires from this cable without an outlay of one dollar.

MR. COOK'S ARGUMENT.

The following is an argument made by Mr. William W. Cook, General Counsel of the Commercial Pacific Cable Company, at a hearing before the Committee on Naval Affairs, in the United States Senate, on January 14, 1902:

The Chairman: Now, Mr. Cook, being counsel for the company and having heard the statement by Mr. Ward and the questions by members of the

committee, are there any suggestions that you wish to make from your point of view?

Mr. Cook: Yes, and they are very brief.

In the first place, I will say we want no legislation, no subsidy, no grant, no bill whatsoever. All that we ask is that you pass no bill at all.

We are pleased to hear the intimation that there is no occasion for action on bill No. 62, the Attorney-General's bill, inasmuch as we have accepted the Post Road Act of Congress. There has been a suggestion, however, made by outside parties, to the effect that, although we say we will charge the public but one dollar a word from San Francisco to Manila and one dollar a word from San Francisco to China, yet that there is no contract on our part to do so, and that we may change our mind and raise that rate hereafter. Now we intend in good faith to carry out these statements as to rates, and are willing to bind ourselves to that effect. Consequently we will advise our board of directors to file at once with the Secretary of State a declaration in writing, under the seal of the corporation, stating that the company will charge only one dollar a word on messages from San Francisco to Manila and a dollar from San Francisco to China, and not more than fifty cents to Honolulu, and that we shall expect the Government to pay only half rates.

Now, just a few words in regard to the bill for construction by the Government. That bill is the outgrowth of the bill introduced two years ago, at a time when it seemed impossible to get any private corporation to raise the money to lay this cable. The situation has entirely changed since then. Our company has raised the capital and is now laying the cable, and we ask as a business proposition this question, Is it not better for the United States Government to let this private corporation go on and put in its money and take all the risk of the cable not working, all the risk of the cable not paying, laid by the finest expert cable talent in the world, laid economically, laid skillfully, laid to bring about the greatest efficiency, and then if the cable succeeds and the Government wants to buy it, the Government can take it at its appraised valuation.

The Chairman: At any time?

Mr. Cook: At any time. On the other hand, if the cable does not work, or if it fails commercially, or is a bad venture, the Government does not have to take it. We take all the risk, and you take all the chances of gain. If there is an answer to that business proposition, we have yet to hear it. We are willing to take all the chances, and we are putting our money into the venture.

We are confident that we can lay this cable as cheaply and as well and successfully as any cable people in the world. We believe we can make it succeed commercially, and we are entirely willing that the Government shall have the right to take it, whenever the Government wants it, for any reasons, political, governmental, commercial or otherwise, at its appraised valuation. It seems to us better for the Government to let us go on and take all the risks, and then, if the Government ever wants the cable, to take it, than for the Government itself to lay the cable and take all the risks.

That is all I have to say.

The Chairman: So far as the intervention of Congress is concerned, you do not want to have anything done?

Mr. Cook: Nothing.

The Chairman: You have law enough now?

Mr. Cook: Absolutely, sir.

The chairman then read a letter addressed by James A. Scrymser, president of the Pacific Cable Company, dated January 10, 1902, to the committee.

Mr. Cook: May I make just a few observations?

The Chairman: If you desire, you can take this communication and read it and send the committee afterwards anything more elaborate, or we shall be glad to hear you now on any point.

Mr. Cook: I thank you. We don't care for a copy. We will answer it now. All we desire to say is that the cable from New York City to Hayti, to which Mr. Scrymser refers, was a cable which we laid. We tried for over ten years to get positive permission from the Executive Department of the United States Government to lay that cable, and we could get no action. Of the various administrations, some said that they had no power to grant permission; others said that they had no power to grant or refuse it. So finally

we were driven to lay the cable without any permission at all. Mr. Cleveland's administration, through the Attorney-General, Judson Harmon, filed a bill in equity against us, as stated by Mr. Scrymser. The Circuit Court of the United States, however, refused to grant an injunction, and we laid the cable.

Now, I am coming to the point. Mr. Scrymser intimates that that cable was hostile to the Government. Why, gentlemen, when the Spanish War broke out, General Greely came to our office and said that that cable was an essential thing to the United States Government, and we practically turned the cable over to the United States Government. The War Department put its representative into our office and he had our cordial cooperation. We told General Greely and all the Government officials that we were American citizens first and cable men second. We did absolutely everything possible for the Government with that self same cable, and it was through that cable President McKinley sent a message to General Shafter and got an answer in twelve minutes from the battlefield of Santiago.

Now, one other observation, and I am done. So long as Mr. Scrymser's Pacific Cable Company had a prospect of getting a subsidy of \$300,000 a year for twenty years from the United States Government Mr. Scrymser was a private corporation advocate. Now, when he sees that Mr. Mackay's company and the Postal Telegraph Company and the Commercial Cable Company, companies which have always been excluded from the business of his Central and South American cable monopolies, have taken hold of this Pacific cable and are laying it without any subsidy whatsoever, Mr. Scrymser is in favor of the Government laying a cable.

The Chairman: We heard Mr. Scrymser here very fully two years ago protesting against a Government cable.

Senator Perkins: We have him on record here.

The Chairman: Yes, the record shows it.

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